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FM AMEMBASSY SAIGON

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TAGS: EAID, SREF, VS

SUBJECT: HUMANITARIAN AID TO SVN

1. RECENT CABLES AND NEWSPAPER ACCOUNTS HAVE DRAWN OUR ATTENTION TO THE UPCOMING HEARINGS BEFORE US SENATE SUBCOMMITTEE ON REFUGEES CONCERNING AMERICAN AID TO REFUGEES IN SVN. WE ARE HEARTENED BY THE INCREASED INTEREST IN AID TO VN. THE FIRST PRIORITY NOW IS TO ASSIST THE DISPLACED. THE APPROVAL OF THE 100,000 TON TITLE II RICE PROGRAM WAS A TIMELY AND WELCOME STEP IN THIS DIRECTION. MORE WILL BE NEEDED TO MEET THE EXPENSES OF RELIEF AND RESETTLEMENT AS INDICATED IN VARIOUS PAST MSGS AND OTHERS THAT WILL BE FORWARDED AS SPECIFIC NEEDS ARE IDENTIFIED. WITHOUT IN ANY WAY DEMEANING THE IMPORTANCE AND URGENCY OF IMMEDIATE REFUGEE RELIEF, WE BELIEVE THE LONGER TERM PROSPECTS FOR THESE REFUGEES MUST BE ADDRESSED AT THE SAME TIME.

2. A TRULY HUMANITARIAN EFFORT WOULD NOT ONLY SUCCOR THE REFUGEES BUT ALSO ESTABLISH THEM AS QUICKLY AS POSSIBLE AS PRODUCTIVE MEMBERS OF A FREE SOCIETY. THIS LONGER RANGE EFFORT PRESUPPOSES A VIABLE ECONOMY AND SUFFICIENT EXTERNAL RESOURCES.. TO PERMIT AN ADEQUATE DEFENSE AND INVESTMENT.

3. THE EXISTENCE OF A VIABLE ECONOMY HAS NEVER BEEN IN DOUBT. THE LONG-TERM PROSPECTS OF THE ECONOMY HAVE NOT BEEN CHANGED FUNDAMENTALLY BY THE RECENT TRUNCATION OF THE COUNTRY. THERE REMAINS THE SKILLED LABOR FORCE, THE PROVEN CAPABILITY TO PRODUCE FOOD AND THE YET TO BE DETERMINED POTENTIAL FOR OIL. FROM A STRICTLY AND COLDLY ECONOMIC POINT OF VIEW, MR-1 WAS MORE OF A LIABILITY THAN IT WAS AN ASSET.

4. DESPITE PROMISING LONG-TERM POTENTIAL, SEVERAL SHORT-TERM PROBLEMS MUST BE MET BEFORE THE ECONOMY CAN GET BACK ON THE RIGHT TRACK. ONE OF THESE WILL BE THE BURDEN OF FINANCING REFUGEE RELIEF AND RESETTLEMENT. IF THE US AND OTHER DONORS CAN PICK UP THIS TAB, THEN NOT ONLY WILL THE REFUGEES' IMMEDIATE NEEDS BE ASSURED, BUT THE LEAST DISRUPTION WILL BE WORKED ON

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THE ECONOMY WHICH MUST EVENTUALLY ABSORB THEM. ANOTHER SHORT-TERM PROBLEM IS THE CESSATION OF PRIVATE INVESTMENT BECAUSE OF THE UNCERTAINTY THAT NOW DOMINATES ALL CALCULATIONS. AS THE POLITICAL-MILITARY SITUATION STABILIZES, THE UNCERTAINTY WILL BE REDUCED, AND PRIVATE INVESTMENT WILL AGAIN CONTRIBUTE TO A GROWING ECONOMY. IN THE MEANTIME, THE SLACK MUST BE TAKEN UP BY PUBLIC INVESTMENT IF WE ARE TO PRESERVE THE LONGER TERM PROSPECTS UPON WHICH THE REFUGEES' EVENTUAL WELFARE DEPENDS. 5. THE LONGER TERM PROBLEM IS THEN TO INSURE ADEQUATE RESOURCES FOR DEFENSE, FOR INVESTMENT AND FOR THE MAINTENANCE OF CURRENT ECONOMIC ACTIVITY. FOR THE NEXT FEW YEARS, ONLY THE US CAN SOLVE THIS PROBLEM. A SUPPLEMENTAL PACKAGE AIMED AT IMMEDIATE REFUGEE RELIEF SHOULD BE PRESENTED AS A PART OF A MUCH LARGER PACKAGE. THE JOB, HUMANITARIAN AND OTHERWISE, IS NOT DONE UNTIL WE HAVE ADDRESSED THE LONGER TERM WELFARE OF THESE REFUGEES AND OF OTHERS WHO WILL BECOME REFUGEES IF THE RESOURCES ARE INADEQUATE TO THE TASK.

6. THE PRESENT ALLOCATION OF \$282 MILLION IS CLEARLY INSUFFICIENT. WE RECOMMEND THAT WE REQUEST OF THE CONGRESS AN ADDITIONAL \$493 MILLION BRINGING THE TOTAL FOR FY 75 TO \$755 MILLION.

7. IN ADDITION TO THE \$140 MILLION REQUEST FOR REFUGEES RECENTLY SUBMITTED BY MISSION, WE SHOULD ALSO ADD AN ADDITIONAL \$353 MILLION FOR INVESTMENT PROJECTS AND ASSISTANCE TO PROVIDE THE ECONOMIC INFRASTRUCTURE WHICH WILL PROVIDE THE JOBS TO MAKE THESE PEOPLE QUICKLY SELF-SUSTAINING. WITHOUT THIS, ANY CLAIM THAT PROVISION FOR IMMEDIATE REFUGEE RELIEF ALONE IS "HUMANITARIAN" MAKES THE USE OF THAT WORD AN EXERCISE IN HYPOCRISY OF WHICH THE UNITED STATES SHOULD BE ASHAMED.

DECONTROL: 4/8/76

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